



12125 Technology Drive | Eden Prairie, MN 55344 | phone: (952) 833-6610 | fax: (952) 833-6652 | www.ingenix.com

Testimony of
Andy Slavitt
Chief Executive Officer of Ingenix
before the
Senate Committee on Commerce, Science, and Transportation
on
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Thank you, Chairman Rockefeller, Ranking Member Hutchison and Members of the Committee for the invitation to be here today. I'm Andy Slavitt, the CEO of Ingenix. I appreciate the opportunity to be here to discuss the challenges consumers face when they seek care from out-of-network providers. Two of our database products, MDR and PHCS, are sometimes used in the out-of-network reimbursement process.

I want to convey three points in my testimony today:

- First, Ingenix stands behind the integrity of the databases used in this process.
- Second, the agreement we reached with the New York State Attorney General to transfer ownership of the two database products to a non-profit will increase the public trust in the databases.
- Third, this non-profit that we and others have funded has the opportunity to shine a brighter light for consumers both on what physicians charge and on how they will be reimbursed by their insurance companies before they receive treatment. This is the kind of consumer advancement that deserves broad support.

Advances like this are consistent with our every day work at Ingenix. Since 1996, our job has been to put information to work for people to improve the quality and safety of their care and reduce their costs. Ingenix works for over 250,000 clients – physician practices, academic researchers, hospitals, health plans, employers, state and federal agencies, and pharmaceutical and biotech companies. Wherever people use information, our job is to make sure it is

accurate, transparent and understandable, that it is handled in a way that is private and secure, and that it can be put to use to improve the quality and cost of the health care people receive.

Here are some examples. We recently helped the state of Michigan decrease the number of children with lead poisoning by 35% by working with their data; we helped increase organ donation in this country by 11% by creating an information exchange for donors; we work with the FDA to protect patients from potentially harmful side effects by using data to monitor the safety of new treatments; and we provide tools for over 100 million Americans to help them find the best health care provider for their needs.

The agreement we announced with the New York State Attorney General concerned database products which have been used since the 1970s to provide the health care system benchmarks on what physicians charge. Thousands of doctors license these benchmarks to assist in setting fee schedules. And commercial healthcare payers license these benchmarks to help them make decisions about how to reimburse out-of-network benefits under a "reasonable and customary" standard in their insurance policies. Health plans use many different methods to reimburse out-of-network claims. Our clients use these database products on occasions when they prefer a market basis for reimbursement, rather than a more static and typically lower reimbursement method such as Medicare.

Ingenix' role in all of these activities has been a limited, but important one: to collect, organize, and keep current the charges physicians bill for their services. We don't set reimbursement rules; rather, like information companies in many industries, we gather information from disparate sources, validate it, and publish it.

Under the agreement we reached with the New York State Attorney General, we will transfer the databases to an independent non-profit. During the Attorney General's review, his Office raised a concern that Ingenix' ownership of the databases presented an inherent conflict of interest.

We do not want this concern to hamper the ability of the health care system to get access to this information.

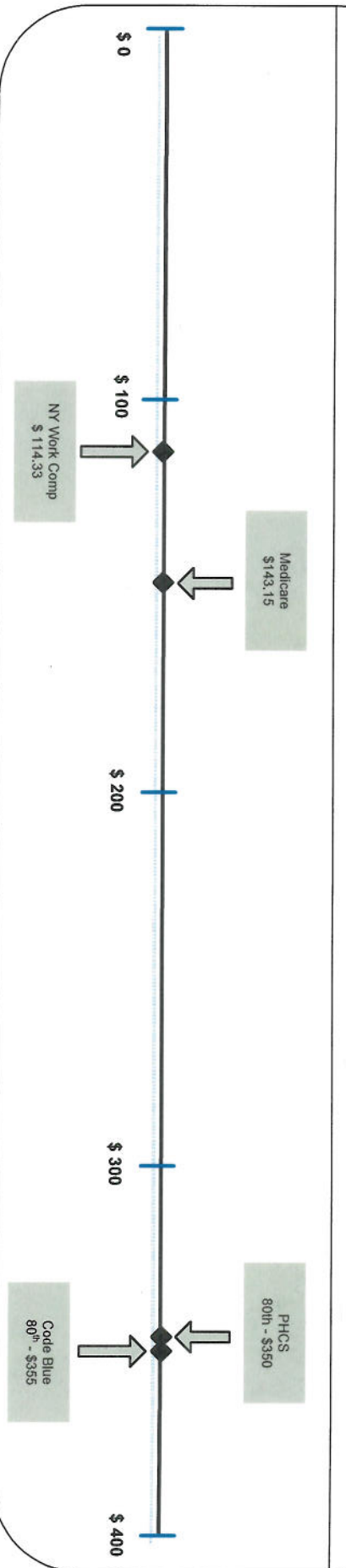
We would also like to make clear that there is an important difference between an inherent conflict and the actual practice of bias; the latter is something neither I, nor my employees, nor our parent company would ever tolerate. Ingenix is a business that has always prided itself on our reputation for integrity and innovation. Our 8,000 employees are scientists, doctors and nurses, biostatisticians, economists, actuaries and epidemiologists. They have dedicated their careers to creating a more transparent, higher quality health care system.

Trusted, accurate data and information technology comprise one of the keys to modernizing the health care system, particularly when combined with national quality standards and properly aligned incentives. Ultimately, we need a system where both physicians and health plans have a venue to disclose what they charge patients, so that patients can compare and weigh the different cost and coverage implications of their decisions. We are hopeful that removal of concerns over these databases will prove a meaningful step forward in creating such a system.

I want to close my statement by thanking the Committee for providing oversight on this important topic. We pledge our assistance to continuing to focus our resources to make health care work better for people.

Exhibit 1: Methodology Comparison

CPT Code 99215 (Office Visit; Est. Patient; Moderate to High Severity; 40 Min.) - Manhattan, NY (2007)



	Code Blue Report	PHCS	Medicare	NY Work Comp
99215 – Manhattan	\$355.00	\$350.00	\$143.15	\$114.33
99215 – Buffalo	\$200.00	\$182.00	\$116.90	\$92.00
99215 – Albany	??	\$200.00	\$116.90	\$87.81
99215 – Rochester	??	\$215.00	\$116.90	\$114.33
99215 – Syracuse	??	\$203.00	\$116.90	\$92.00
# of Bills – 5 Counties	1,000,000+	17,770,083	Not Applicable	Not Applicable
# of Geographic Regions – NY	Not Applicable	24	4	4
High & Low Outliers Removed	?	Yes	Not Applicable	Not Applicable
Professional Fees Reported By	CPT (no modifiers)	CPT (some modifiers)**	CPT (some modifiers)**	CPT (no modifiers)
Differentiation by training, qualifications, experience	By CPT code selection	By CPT code selection	By CPT code selection	By CPT code selection and qualifications***
Derived Charge/Relative Value Methodology	?	Yes (some)	Yes	Yes

The Attorney General's Office collected data for five counties but reported on only two counties.

PHCS is based on methodologies that are commonly used and well established in statistics and health care.

PHCS is based on approximately 18x more data than the Code Blue Report and has 6x more geographic regions in New York than Medicare.

* The Code Blue Report states that the Attorney General's Office collected data for five counties in New York. It reported data for only two of the five counties.

** PHCS reports PC/TC modifiers. Medicare fee schedule reports PC/TC and -53 modifiers.

*** The NY Workers Compensation fee schedule reports separate fees for Chiropractors, Podiatrists, Psychiatrists, Occupational Therapists, and Physical Therapists